

STATEMENT OF CONSIDERATIONS

REQUEST BY CONOCO, INC., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-00NT40964 W(A)-01-020, CH-1067

The Petitioner, Conoco, Inc. (Conoco), was awarded this cooperative agreement for the performance of work entitled, "Deepwater Subsea Liquid/Gas Separation Process Under Live Oil Production Conditions in the Gulf of Mexico". The purpose of the cooperative agreement is to study the feasibility of a subsea separation system to be installed in the Gulf of Mexico for transporting and gathering production fluids from multiple wells to a phase separation system with subsequent transport to the host platform on the surface. Gathering and separating the produced fluids into liquid (oil and water) and gas phases at the seafloor enables higher recovery efficiencies from deepwater reservoirs. After this feasibility study, the work will focus on the design, manufacture, and testing of development equipment. Conoco will be working on this project with its subcontractor, Kvaerner Oilfield Products, Inc. Conoco will focus on resolving issues regarding lengthy pipelines required for transportation and gathering of the produced fluids in the cold temperature, high-pressure environment found in deepwater. Kvaerner will focus on the subsea separation systems and the interfaces to the transportation and gathering systems. Conoco is requesting a waiver of title to its inventions, and to inventions made by Kvaerner in the course of this effort. A letter from Kvaerner indicating it has no objection to this arrangement is attached.

The total estimated cost of the cooperative agreement is \$10,702,500 with Conoco cost sharing 81.3%, or about \$8,702,500. DOE's share is \$2,000,000 or 18.7%. The planned performance period is November 2000 through December 2002.

In its response to questions 5 and 6 of the attached waiver petition, Conoco has detailed its technical competence in the field of deepwater production of oil. It pioneered the Tension Leg Platform (TLP) in the North Sea, and installed the first TLP in the Gulf of Mexico in 1989. It has also designed and installed the largest TLP in Norway. A list of patents and patent applications in this technology by both Conoco and Kvaerner is attached. In addition, Conoco's commitment to deepwater exploration and production is evidenced by its TLP production development and its ultra-deepwater drilling ships such as the Deepwater Pathfinder, which drilled its first well in 4,700 feet of water in the Gulf of Mexico, successfully discovering hydrocarbons. Conoco's response fully demonstrates its technical competence in the field of deepwater subsea oil recovery.

In its response to questions 9 and 10 of the attached waiver petition, Conoco states that grant of the waiver will encourage accelerated development of subsea processing. In addition, grant of the waiver will increase competition and accelerate development of competing subsea separation technology. Conoco states that grant of the waiver will promote different approaches to providing solutions to this technological question, and enable a variety of technologies suitable to different reservoir and production conditions, leading to increased production capabilities for the United States and the world. Therefore grant of the waiver will have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Conoco agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Conoco agrees not to transfer subject

inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.



Mark P. Dvorscak
Assistant Chief Counsel
Office of Intellectual Property Law

Date: Aug 13, 2001

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:



Guido Dehoratiis
PRODUCT LINE DIRECTOR,
NATURAL GAS & PETROLEUM UPSTREAM
OFFICE OF NATURAL GAS AND PETROLEUM

Date: 9/12/2001

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 9-17-01

(t) U. S. COMPETITIVENESS The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.